

APPENDIX B

LEASE STIPULATIONS AND CONDITIONS OF APPROVAL

STANDARD STIPULATIONS FOR ALL GEOTHERMAL LEASES IN THE CARSON CITY FIELD OFFICE

The following Standard Stipulations for all Geothermal Leases in the Carson City Field Office apply to Vulcan lease numbers N-79310, N-79662, N-79663, N-79665, N-79666, N-79667, and N-79668:

- Native American Consultation. All development activities proposed under the authority of this lease are subject to the requirement for Native American consultation prior to BLM authorizing the activity. Depending on the nature of the lease developments being proposed and the resources of concerns to tribes potentially effected, Native American consultation and resulting mitigation measures to avoid significant impacts may extend time frames for processing authorizations for development activities, as well as, change in the ways in which developments are implemented.
- Riparian Areas. No surface occupancy within 650 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas or 100-year floodplains to protect the integrity of these resources (as delineated by the presence of riparian vegetation and not actual water). Exceptions to this restriction may be considered on a case-by-case basis if the BLM determines at least one of the following conditions apply: 1) additional development is proposed in an area where current development has shown no adverse impacts, 2) suitable off-site mitigation will be provided if habitat loss is expected, or 3) BLM determines development proposed under any plan of operations ensures adequate protection of the resources.
- Endangered Species. The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed

activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC 1531, as amended, including completion of any required procedure for conference or consultation.

- Sage Grouse. The following stipulations apply to protect sage grouse and their habitat. Known habitat is defined as those areas where sage grouse have been observed. Potential habitat is those areas where sage grouse may occur.
 - Known Breeding Habitat and Leks: February through June, but may vary on site specific basis.
 - a. Avoid all activity within 3.3 km (2 miles) of known leks during the mating season - March through May, or as determined by Field Office and Wildlife Personnel. No surface occupancy within 3.3 km (2 miles) of known leks at all times.
 - Nesting Habitat and Brood-rearing habitats: (April through August per Interim NY Guidelines) and Winter Habitats (October through March).
 - a. Known Habitat. Avoid all development or exploration activities within 3.3 km (2 miles) or other appropriate distance based on site-specific conditions, of leks, or within 1 km. (0.6 mi.) of known nesting, brood-rearing and winter habitat.
 - b. Potential Habitat. Avoid permanent occupancy of potential habitat.
 - General Sage Grouse Stipulations
 - a. Prior to entry on any lease areas that include known or potential habitat, the lessee (operator) shall contact the appropriate BLM Field Office to discuss any proposed activities.
 - b. All power poles and potential raptor perches will be designed or retrofitted to eliminate use by raptors and ravens.

- c. All surface disturbance occurring in potential or known habitat shall be reclaimed as soon as possible in such a way as to result in conditions suitable for sage grouse habitat.
- d. All areas of disturbance will be graded and reseeded with a seed mixture appropriate for the soils, climate, and landform. Attempt to restore the ecological processes and potential natural vegetation, and prevent the invasion of noxious weeds or other invasive species.
- Migratory Birds. Surface disturbing activities during the migratory birds nesting season (March to July) may be restricted in order to avoid potential violation of the Migratory Bird Act. Appropriate inventories of migratory birds shall be conducted during analysis of actual site development. If active nests are located, the proponent will coordinate with BLM to establish appropriate protection measures for the nesting sites which may include avoidance or restricting or excluding development during certain areas to times when nests and nesting birds will not be disturbed. During development and production phases, if artificial ponds potentially detrimental to migratory birds are created, these shall be fitted with exclusion devices such as netting or floating balls.
- Noxious Weeds. During all phases of exploration and development, the lessee will maintain a noxious weed control program consisting of monitoring and eradication for species listed on the Nevada Designated Noxious Weed List (NRS 555.010).
- Surface Occupancy. Surface Occupancy and use is subject to all valid existing surface rights.

The lands subject to this stipulation are described as: All potential KGRA and noncompetitive lease sections.

BUREAU OF RECLAMATION SPECIAL STIPULATIONS

The following Bureau of Reclamation Special Stipulations apply to Vulcan lease number N-79664 and Ormat lease numbers NVN-79104, NVN-79105, and NVN-79106:

- The Lessor reserves the ownership of brines and condensates and the right to receive or take possession of all or any part thereof following the extraction or utilization by Lessee of the heat energy and byproducts other than demineralized water associated therewith subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. If the Lessor elects to take the brines and condensates, the Lessee shall deliver all or any portion thereof to the Lessor at any point in the Lessee's geothermal gathering system after separation of the steam and brine

products or from the disposal system as specified by the Lessor for the extraction of said brines and condensates by such means as the Lessor may provide and without cost to the Lessee.

- There is not obligation on the part of the Lessor to exercise its reserved rights. The Lessor shall not be liable in any manner if those rights are not exercised, and, in that event, the Lessee shall dispose of the brines and condensates in accordance with applicable laws, rules and regulations.
- The Lessor reserves the right to conduct on the leased lands, testing and evaluation of geothermal resources which the Lessor determines are required for its desalinization research programs for utilization of geothermal fluids. These programs may include shallow temperature gradient hole underground exploration, if they are conducted in a manner compatible with lease operations and the production by Lessee of geothermal steam and associated geothermal resources.
- Lessor reserves the right to erect, maintain, and operate any and all facilities, pipelines, transmission lines, access roads, and appurtenances necessary for desalinization on the leased premises. Any desalting plants, piping, wells, or other equipment installed by the Lessor on the leased premises shall remain the property of the Lessor; and the Lessee shall conduct his operations in a manner compatible with the operation and maintenance of any desalting plants, piping, wells, or other equipment installed by the Lessor. Any brines and condensates removed by the Lessor shall be replaced without cost to the Lessee with fluids as compatible with reservoir fluids as the brines or condensates that the Lessor removed and where the Lessor and Lessee determine that they are needed by the Lessee for his operation or for reinjection into the geothermal anomalies.
- The Lessor and the Lessee, if authorized by law, may enter into cooperative agreements for joint development and production of geothermal resources from the leased premises consistent with applicable laws and regulations. Any geophysical, geological, geochemical, and reservoir hydraulic data collected by either the Bureau of Reclamation or the Lessee will be made available upon request to the other party, and the data furnished to Reclamation by the Lessee shall be considered confidential so long as the following conditions prevail:
 - Until the Lessee notifies Reclamation that there is no requirement to retain the submitted data in confidential status or until Lessee relinquishes all interest in the leased area from where the information was obtained.

- Reclamation shall not incorporate data received from the Lessee in its publications or reports during the period that confidential data are being retained without written authorization from the Lessee.
- Information obtained by Reclamation, and upon request submitted to the Lessee, shall not be used in publications or reports issued by Lessee without written consent of Reclamation until the data have been published or otherwise given distribution by Reclamation.
- The United States reserves the right to flood, seep and overflow the lands, permanently or intermittently, in connection with the operation or maintenance of the Newlands Project. Prior to use of operation or maintenance roads within the Newlands Project, the Lessee will notify the Project Manager in order to be appraised of areas that should be avoided to prevent interference with the operation and maintenance of the project. There is also reserved to the United States, the right of its officers, agents, employees, licensees and permittees, at all proper times and places freely to have ingress to, passage over, and egress from all of said lands for the purpose of exercising, and protecting the rights reserved herein. The Lessee further agrees that the United States, its officers, agents and employees and its successors and assigns shall not be held liable for any damage to the Lessee's improvements or works by reason of the exercise of the rights here reserved; nor shall anything contained in this paragraph be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

SPECIAL STIPULATIONS FOR ALL LEASES IN THE CARSON CITY FIELD OFFICE MANAGEMENT AREA

The following Special Stipulations for All Leases in the Carson City Field Office Management Area apply to Ormat lease numbers NVN-79104, NVN-79105, and NVN-79106:

- Surface occupancy. No surface occupancy or disturbance will be allowed within 650 feet (horizontal measurement) of any surface water bodies, riparian areas, wetlands, playas, or 100-year floodplains to protect the integrity of these resources (as delineated by the presence of riparian vegetation and not actual water). Other buffer zones and areas of restricted surface occupancy may be required to protect other resource values, including but not limited to, critical or rare or endangered species habitat.
- Endangered Species Act Section 7 Consultation. The lease area may now or hereafter contain plants, animals, or their habitats determined to be threatened, endangered, or other special status

species. BLM may recommend modifications to exploration and development proposals to further its conservation and management objective to avoid BLM-approved activity that will contribute to a need to list such a species or their habitat. BLM may require modifications to or disapprove proposed activity that is likely to result in jeopardy to the continued existence of a proposed or listed threatened or endangered species or result in the destruction or adverse modifications of a designated or proposed critical habitat. BLM will not approve any ground-disturbing activity that may affect any such species or critical habitat until it completes its obligations under applicable requirements of the Endangered Species Act, 16 USC § 1531 et seq., as amended, including completion of any required procedure for conference or consultation.

- Archaeology (BLM IM 2005-003). This lease may be found to contain historic properties or resources protected under the National Historic Preservation Act, American Indian Religious Freedom Act, Native American Graves Protection and Repatriation Act, EO 13007, or other statutes and executive orders. The BLM will not approve any ground-disturbing activities that may affect any such properties or resources until it completes its obligations under applicable requirements of the NHPA and other authorities. The BLM may require exploration or development proposals to be modified to protect such properties, or it may disapprove any activity that is likely to result in adverse effects that could not be successfully avoided, minimized, or mitigated.

To secure specific compliance with the stipulations under Section 6, paragraph (2) of the geothermal resources lease form, the lessee shall, prior to operations, furnish to the AO a certified statement that either no archaeological values exist or that they may exist on the leased lands to be disturbed or occupied, to the best of the lessee's knowledge and belief, and that they might be impaired by geothermal resource operations. Such a certified statement must be completed in compliance with the BLM Nevada State Protocol by an archaeologist permitted by BLM for the Carson City Field Office. If the lessee furnishes a statement that archaeological values may exist where the land is to be disturbed or occupied, the lessee will engage a qualified archaeologist, acceptable to the AO, to survey and salvage, in compliance with the BLM Nevada State Protocol, in advance of any operations, such archaeological values on the lands involved.

The responsibility for the cost for the certificate, survey and salvage will be borne by the lessee, and such salvaged property shall remain the property of the Lessor or the surface owner.

Surface occupancy and use is subject to all valid existing surface rights.

The lands subject to this stipulation are described as all potential lease sections.

- Water Resources. As exploration and development activities begin, the lessee will institute and pay for a hydrologic monitoring program, which will be site specific and its intensity will be commensurate with the level of exploration. For example, if the proponent were to conduct seismic studies, the monitoring would be limited to identifying water resources to be monitored as activities continue; if a drilling program were to be undertaken, the number of aquifers encountered, their properties, their quality, and their saturated thickness would be documented. The information collected would be submitted to the BLM and would be used to support future NEPA documentation as development progresses. Adverse impacts on surface expressions of the geothermal reservoir (hot springs), and threatened and endangered species habitat are not acceptable. The lessee will monitor the quality, quantity, and temperature of any hot springs or other water resource within the project area when conducting activities that could affect those resources. If adverse impacts do occur, the BLM will require the lessee to take corrective action to mitigate the impact. Corrective action may include shutting down the operation. These are lease stipulations, not operational, and the information gathered under the monitoring stipulation will be used to identify future impacts at the operational stage.
- Native American Consultation. All proposed exploration and development is subject to the requirement for Native American consultation before the BLM will authorize the activity. Depending on the nature of the proposed lease development and the resource of concern, the time to complete Native American consultation and to conduct any mitigation measures may extend the time for authorization. It may also change the ways in which developments are implemented. New lease applications would require Native American consultation.

CONTINGENCY RIGHTS STIPULATIONS

The following Contingency Rights stipulation applies to Ormat lease numbers NVN-79104, NVN-79105, and NVN-79106:

- BLM has reviewed existing information and planning resources documents and, except as noted in other attached stipulations, knows of no reason why normal development, subject to the controls of applicable laws and regulations and the lease terms and conditions, cannot proceed on the leased lands. However, specific

development activities could not be identified prior to lease issuance since the nature and extent of geothermal resources were not known and specific operations have not been proposed. The lessee is hereby made aware that consistent with 43 CFR 3200.4, all post lease operations will be subject to appropriate environmental review and may be limited or denied only if unmitigable and significant impacts on other land uses or resources would result.

MATERIAL SITE STIPULATIONS

The following Material Site stipulation applies to Ormat lease numbers NVN-79104, NVN-79105, and NVN-79106:

- The Lessee accepts this lease subject to the right of the State of Nevada to remove material from the land embraced in Material Sites and agrees that operations performed by the lessee will not interfere with operations of the State of Nevada, Department of Transportation.

NO SURFACE OCCUPANCY STIPULATIONS

The following No Surface Occupancy stipulation applies to Ormat lease numbers NVN-79104 and NVN-79105:

- No surface occupancy due to high resource values on the following lands:
 - NVN-79104
 - T. 18 N., R. 30 E., MDM, Nevada
 - sec. 28, all;
 - sec. 32, E2, NW;
 - sec. 33, all.
 - NVN-79105
 - T. 18 N., R. 30 E., MDM, Nevada
 - sec. 19, E2;
 - sec. 20, all;
 - sec. 29, all;
 - sec. 30, NE.

Should the operator determine the occupancy of additional surface is needed for resource development in the public interest, the current No Surface Occupancy stipulation may be revised if both BLM and the operator mutually agree.